

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP

1200 19<sup>th</sup> STREET, N.W.

SUITE 500

WASHINGTON, D.C. 20036

(202) 955-9600

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FACSIMILE  
(202) 955-9792  
www.kelleydrye.com

DIRECT LINE (202) 955-9664  
E-MAIL: jcanis@kelleydrye.com

July 6, 2000

Magalie R. Salas, Secretary  
Federal Communications Commission  
The Portals  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

RECEIVED  
JUL 6 2000  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**Re: Notice of *Ex Parte* Presentation by Intermedia Communications Inc.  
CC Docket Nos. 95-185, 96-98, 96-262, 97-146, and WT Docket No. 97-207**

Dear Ms. Salas:

Pursuant to Sections 1.1206(b)(1) and (2) of the Commission's Rules, Intermedia Communications Inc. ("Intermedia"), by its undersigned counsel, submits this notice in the above-captioned docketed proceedings of oral and written *ex parte* presentations made on June 30, 2000. The presentations were made by Heather Gold, Vice President, Industry Policy, Intermedia; and Jonathan Canis of Kelley Drye & Warren LLP. The presentations were made to:

Tamara Preiss, Deputy Chief, Competitive Pricing Division  
Anthony J. DeLaurentis, Competitive Pricing Division  
Rodney McDonald, Competitive Pricing Division  
Thomas Navin, Competitive Pricing Division

During the presentations, Intermedia discussed a variety of issues related to the appropriate forms of compensation that should apply to ISP-bound traffic terminated between interconnected local carriers. Specifically, Intermedia urged the Commission to expeditiously issue an order finding that the appropriate level of compensation for ISP-bound dial-up calls is the reciprocal compensation rate that applies to local traffic passed between interconnected local exchange carriers, unless and until a state regulatory commission sets some other form of TELRIC-based compensation. Intermedia also discussed the need for CLECs to maintain access

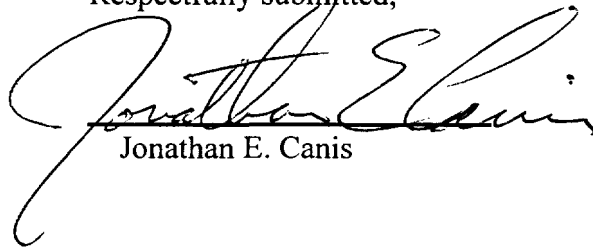
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tariffs on file with the Commission. During the presentation, a written piece was distributed. Copies are attached to this notice.

Pursuant to the Commission's rules, Intermedia submits an original and a copy of this notice of *ex parte* contact by hand delivery for inclusion in the public record of the above-referenced proceedings. Please direct any questions regarding this matter to the undersigned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jonathan E. Canis", is written over a horizontal line. The signature is fluid and cursive.

Jonathan E. Canis

cc: Tamara Preiss  
Anthony J. DeLaurentis  
Rodney McDonald  
Thomas Navin  
International Transcription Service

# **INTERMEDIA COMMUNICATIONS INC.**

**THE COMMISSION SHOULD ADOPT  
RECIPROCAL COMPENSATION RULES  
THAT ACCOMMODATE STATE DECISIONS**

**---//---**

**THE COMMISSION SHOULD NOT ADOPT  
MANDATORY DETARIFFING FOR CLEC  
ACCESS SERVICES**

Heather Gold, VP, Industry Policy

Jon Canis, Kelley Drye & Warren

June 30, 2000

# RECIPROCAL COMPENSATION

# **RECIPROCAL COMPENSATION**

- INTERMEDIA IS ARBITRATING  
RECIPROCAL COMPENSATION IN  
MULTIPLE STATES
  - GA, NC, FL, LA, TN, AL
  - PRE-ARBITRATION NEGOTIATIONS  
WITH BELL ATLANTIC, SBC, U S WEST
  - LIKE OTHER CLECs INTERMEDIA IS  
ESTABLISHING SIGNIFICANT  
PRECEDENT IN MANY STATES

# **RECIPROCAL COMPENSATION** (cont'd)

- **INTERMEDIA'S ARBITRATIONS  
ESTABLISHING RULES FOR MULTI-  
YEAR INTERCONNECTION  
AGREEMENTS**
  - NC - Final; FL, GA - Recommended
- **COMMISSION SHOULD NOT TAKE  
ACTION THAT WILL DISRUPT THESE  
DECISIONS**

# RELIEF REQUESTED

- ACTION IN CC DOCKET NO. 96-98, 99-68
  - Adopt Commission's Tentative Conclusion
    - ISP-bound dialup traffic is interstate
    - But access charge exemption remains
    - Treated as local traffic for compensation purposes

# **RELIEF REQUESTED** (cont'd)

- **ISSUE ORDER IN DOCKET No. 96-98** (cont'd)
  - States May Set New Compensation, But:
    - Must be monetary -- cannot be bill & keep
    - All traffic with long hang times must be treated the same
      - Help desk, ticket reservation, insurance claims
      - ILEC must demonstrate cost differences justify different rate structure
    - Must allow CLECs to justify different rates or rate structures, at their option



# **RELIEF REQUESTED** (cont'd)

- **ISSUE ORDER IN DOCKET No. 96-98** (cont'd)
  - States May Set New Compensation, But:
    - Unless & until states complete rate case & set new, TELRIC-based rates, FCC must prescribe state-set rate for local traffic as the rate that applies to ISP-bound calls
    - Necessary to provide continuity in case of lengthy state proceedings
    - Needed to avoid harassing litigation that BellSouth has demonstrated

# CLEC DETARIFFING

# CLEC DETARIFFING

- COMMISSION SHOULD ALLOW PERMISSIVE DETARIFFING, BUT MUST NOT MANDATE IT
  - Highly Deleterious Impact On CLECs
  - Would Not Promote Reasonable Rates For IXCs
  - Would Subject Commission To Reversal On Appeal

# **CLEC DETARIFFING** (cont'd)

- **MANDATORY DETARIFFING WOULD HARM CLECs**
  - CLECs Have No Leverage To Negotiate With Large IXCs
    - Experience with AT&T & Sprint proves it
  - Large IXCs Will Demand Below-Cost Rates
    - Will force CLECs to discriminate by IXC
  - Could Result In Forcing CLECs To Set Rates Below Cost Due To Lack Of Market Power

# **CLEC DETARIFFING** (cont'd)

- **MANDATORY DETARIFFING WOULD NOT PROVIDE REASONABLE RATES TO IXC's**
  - “Negotiated” Arrangements Would Result In Lower Rates For Largest IXC's, Higher Rates For Smaller IXC's And Resellers
  - Subsidy From Small To Large IXC's
  - No Certainty For IXC's Under Negotiated Contracts

# **CLEC DETARIFFING** (cont'd)

- **MANDATORY DETARIFFING WOULD NOT PASS JUDICIAL REVIEW**
  - Keeping Tariffs For ILECs Guarantees Cost Recovery For Largest ILECs, While Forcing Small Carriers To “Negotiate” With IXC
  - No Basis For Finding CLECs & NECA ILECs Differently Situated
  - Disparate Analysis Of Market Power & Ability To Negotiate Reasonable Rates Would Be Arbitrary & Capricious

# CLEC DETARIFFING (cont'd)

- MANDATORY DETARIFFING WOULD NOT SERVE THE PUBLIC INTEREST
  - Would Force Crisis With AT&T & Sprint, Resulting In Massive 251(a)(1) Complaints
  - Would Eliminate The Controlled Implementation Of Call Blocking Set Out In *MGC v AT&T* Decision
  - Would Result In Routine Service Outages As Carriers Sue Each Other

# **REQUESTED RELIEF**

- **AFFIRM PERMISSIVE DETARIFFING**
- **IF NECESSARY TO ENSURE  
REASONABLE RATES, ADOPT  
BELLWETHER CARRIER PROPOSAL  
ADVANCED BY ALTS**